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FISCAL IMPACT STATEMENT

LS 7427

BILL NUMBER: HB 1620

NOTE PREPARED: Jan 8, 2009

BILL AMENDED:

SUBJECT: Energy Efficient Buildings.

FIRST AUTHOR: Rep. Pierce

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill requires a government building to be designed, constructed, operated, and maintained to achieve or exceed the level of energy efficiency required under certain rating systems. It provides that Indiana hardwood lumber may be considered for use as a local source material in any project in which the use of Indiana hardwood lumber is practicable.

The bill requires the Fire Prevention and Building Safety Commission to revise the Indiana Energy Conservation Code before January 1, 2010. It requires the revised Indiana Energy Conservation Code to contain standards that exceed or are substantially equivalent to the standards set forth in the ASHRAE 100-2006 and ASHRAE 90.1-2007 standards.

Effective Date: Upon passage; July 1, 2009.

Explanation of State Expenditures: *Indiana Department of Administration (IDOA):* The IDOA will experience administrative impacts due to the bill's requirement to develop design standards that promote energy efficiency that must be used in the renovation or construction of a state building. The IDOA must also determine the cost effectiveness of the design, construction, operation, and maintenance associated with achieving energy efficiency for state buildings, while also considering the historic and aesthetic qualities and the availability of local materials. Indiana hardwood lumber is required to be utilized in renovation or construction of a state building, unless the IDOA determines that the use of the lumber is impracticable. Additional IDOA staff time may be required to meet the demands required in this bill. As of October 31, 2008, the IDOA had 24 vacant positions.

Lumber Purchasing Preference: The requirement that Indiana hardwood lumber must be considered in

renovation or construction of a state building may limit competition for lumber suppliers for state building projects, which could result in higher expenditures. Indiana hardwoods and forest-based businesses are the fourth-largest manufacturing sector by employment. If the Indiana hardwood lumber is determined to be unsuitable for its desired use, then it is not required for use in construction and renovation.

Fire Prevention and Building Safety Commission: This bill requires the Commission to revise the Indiana Energy Conservation Code before January 1, 2010. The revised Indiana Energy Conservation Code must contain standards that are equivalent to or exceed the standards set forth in the American Society of Heating, Refrigerating, and Air Conditioning Engineers (ASHRAE) 100-2006 and ASHRAE 90.1-2007 standards. Additional staff time may be required to meet the demands required in this bill. As of October 31, 2008, the Commission had one vacancy.

Background: Energy Efficiency Standards for State Buildings: This bill requires the IDOA to develop design energy efficiency standards for state buildings to achieve any of the following:

- (1) LEED Silver Rating;
- (2) Green Building Initiative's Two Globes Rating;
- (3) Environmental Protection Agency's Energy Star Rating; or
- (4) any equivalent rating accredited by the American National Standards Institute.

According to the U.S. Green Building Council's website, the LEED rating system was created to provide the building industry with consistent, credible standards for what constitutes a green building. The rating is determined by earning points in a number of categories, including sustainable sites, water efficiency, energy and atmosphere, materials and resources, indoor environmental quality, and innovation in design. Projects are awarded Certified, Gold, Silver, or Platinum certification depending on the number of benchmarks met.

To achieve the Green Building Initiatives Two Globes rating, a building must be assessed by an independent third party that is affiliated with the Green Building Initiative. Out of 1,000 points possible, the building must achieve 550-690 (55%-69%) of the points to be recognized with two green globes. The most globes a building can receive is four. Areas evaluated include energy, indoor environment, emissions and effluents, resources, environmental management, and water.

The Energy Star is awarded to buildings that achieve a rating of 75 or higher using an Internet tool provided by the Environmental Protection Agency's Energy Star website. Areas evaluated include energy and water consumption and energy performance. After the required rating is achieved, the next step is a verification process.

ASHRAE 100-2006: This standard focuses on energy conservation in existing buildings with the intention of assisting owners in maximizing energy efficiency through improvements in operation, maintenance and energy monitoring.

ASHRAE 90.1-2007: This standard is meant to provide minimum requirements for the energy-efficient design of buildings.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: IDOA; Fire Prevention and Building Safety Commission.

Local Agencies Affected:

Information Sources: U.S. Green Building Council, <http://www.usgbc.org/>; The Green Building Initiative, <http://www.thegbi.org/home.asp>; Environmental Protection Agency's Energy Star Website, <http://www.energystar.gov/>; Indiana State Department of Agriculture, <http://www.in.gov/isda/>; American Society of Heating, Refrigerating, and Air Conditioning Engineers, <http://www.ashrae.org/>; *State of Indiana HRM Detail Staffing Report, 10/31/08.*

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